CMS Manual System	Department of Health & Human Services (DHHS) Centers for Medicare & Medicaid Services (CMS)
Pub. 100-04 Medicare Claims Processing	

Transmittal 411	Date: DECEMBER 23, 2004

SUBJECT: Ambulance Inflation Factor (AIF)

I. SUMMARY OF CHANGES: This change request provides the Ambulance Inflation Factor (AIF) for CY 2005.

NEW/REVISED MATERIAL - EFFECTIVE DATE*: January 1, 2005
IMPLEMENTATION DATE: January 3, 2005

Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (*N/A if manual not updated.*)
(R = REVISED, N = NEW, D = DELETED) – (*Only One Per Row.*)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	**15/20.6.1/Ambulance Inflation Factor (AIF)**

III. FUNDING: Medicare contractors shall implement these instructions within their current operating budgets.

IV. ATTACHMENTS:

	Business Requirements
X	**Manual Instruction**
	Confidential Requirements
	One-Time Notification
X	**Recurring Update Notification**

*Unless otherwise specified, the effective date is the date of service.

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 411	Date: December 23, 2004	Change Request 3599

SUBJECT: Ambulance Inflation Factor (AIF)

I.   GENERAL INFORMATION

A.   Background:

This document furnishes you with the 2005 ambulance inflation factor (AIF) for determining the payment limit for ambulance services required by section 1834(l) of the Social Security Act.

B.   Policy:

Medicare contractors must apply the annual AIF in their determination of payment amounts for Medicare covered ambulance services, as required by statute.

C.   Provider Education:

A Medlearn Matters provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their website and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.

II.   BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3599.1	Contractors shall use the 2005 AIF for determining the payment limit on claims for ambulance services furnished on or after January 1, 2005.	X		X						
3599.2	The 2005 ambulance fee schedule file shall be downloaded and used to process claims for ambulance services furnished on or after January 1, 2005. The address for the file is: MU00.@AAA2390.AMBFS.FINAL.V41	X		X						

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
	CMS Manual System, Pub. 100-04, Medicare Claims Processing Chapter 15, Section 20.6.1

B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
	N/A

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: January 1, 2005 **Implementation Date:** January 3, 2005 **Pre-Implementation Contact(s):** Anne Tayloe, (410)786-4546 **Post-Implementation Contact(s):** Anne Tayloe, (410)786-4546	**Medicare contractors shall implement these instructions within their current operating budgets.**

***Unless otherwise specified, the effective date is the date of service.**

Medicare Claims Processing Manual

Chapter 15 - Ambulance

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(Rev. 411, 12-23-04)

20.6.1 - Ambulance Inflation Factor (AIF)

(Rev. 411, Issued: 12-23-04, Effective: 01/01/05, Implementation: 01/03/05)

Section 1834(l)(3)(B) of the Act provides the basis for updating payment limits for ambulance services. Specifically, this section provides for an update in payments for 2005 that is equal to the percentage increase in the consumer price index for all urban consumers (CPI-U), for the 12-month period ending with June of the previous year. The resulting percentage is referred to as the AIF.

During the transition period, the AIF is applied to both the fee schedule portion of the blended payment amount (incorporated in the ambulance fee schedule file), and to the reasonable charge/cost portion of the blended payment amount separately for each ambulance provider/supplier. Then, these two amounts are added together to determine the total payment amount for each provider/supplier. The blending percentages used to combine these two components of the payment amounts for ambulance services for CY 2005 are 20 percent of the reasonable charge/cost and 80 percent of the ambulance fee schedule.

*The AIF for calendar year 2005, is **3.3 percent**. The blending percentages used to combine the two components of the payment amounts for ambulance services for CY 2005, are **20 percent** of the reasonable charge/cost and **80 percent** of the ambulance fee schedule. Part B coinsurance and deductible requirements apply. The 2005, ambulance fee schedule file may be retrieved at any time and will reside indefinitely for your access. It will be updated with each quarterly Common Working File (CWF) update. The address for the file is as follows:*

MU00.@AAA2390.AMBFS.FINAL.V41

Following is a chart tracking the history of the AIF:

AIF	CY
2.1	2004
3.3	2005